

BEFORE
THE POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Report, 2012)

Docket No. ACR2012

Comments of the Direct Marketing Association
Responding to Commission Order No. 1609
February 1, 2013

The Direct Marketing Association (DMA) appreciates the opportunity to comment on the Annual Compliance Review pursuant to Commission Order No. 1609. DMA represents approximately 2,000 member companies that use data to market directly to consumers and businesses or that support those marketers. Our members use all channels of communication including the U.S. Mail.

In its review of Postal Service compliance with title 39 and the relationship between costs and prices, the Commission should be mindful of the efforts of the Service to slash its costs in the coming year. A directive from the Commission to adjust prices for any product offering in calendar year 2013 based upon calendar year 2012 postal operations may create incorrect pricing signals to the marketplace. Service offerings in 2012 that are “under water” using Commission methodology may be “above water” in 2013 as costs are cut (the Postal Service plan is to have all products “above water” after streamlining its operations). Any Commission pricing recommendations or directives for 2013 must be made with a complete understanding and incorporation of the cost cutting efforts of the Service which the Board of Governors has directed postal management to accelerate.

DMA’s comment above applies directly to Standard Mail Flats. However, there is another factor that the Commission should consider with Standard Mail Flats. Standard mailers presort to the greatest extent possible—even using comingling services of printers and other suppliers. That applies to mailers of flat-shaped Standard Mail. For example, a flat-shaped mailer will pay postage for carrier route and may pay postage for Standard Mail Flats for mail pieces that cannot be more finely presorted. Thus, the Standard Mail Flats are the residual of a larger mailing—a mailing, as a whole, that was not “under water” in 2012 and would not be “under water” in 2013. DMA does not understand the insistence of the Commission to require its myopic view of flat-shaped mailings. The Commission should be encouraging the Postal Service to grow volume in order to spread institutional costs. By dissecting portions of a mailing and requiring each portion—not the mailing as a whole—to be “above water” discourages mailers from growing their volume, from prospecting for potential new customers. This type of analysis is anti-growth and continues the Postal Service on the road of slow death.

DMA urges the Commission to reexamine its analysis in this proceeding by examining the entire mailing to foster volume growth, and to account for the Postal Service 2013 cost cutting efforts in its analysis.

Respectfully submitted,

Jerry Cerasale
Senior Vice President
Direct Marketing Association
1615 L St, NW, Suite 1100
Washington, DC 20036
202-861-2423
jcerasale@the-dma.org